DOCUMENT RESUME

ED 307 835 HE 022 193

TITLE	A Self-Instructional Course in Student Financial Aid Administration. Module 13: Verification. Second Edition.
INSTITUTION	Office of Student Financial Assistance (ED), Washington, DC.; Washington Consulting Group, Inc., Washington, DC.
PUB DATE	20 Aug 88
NOTE	67p.; For related documents, see HE 022 181-198.
PUB TYPE	Guides - Non-Classroom Use (055) -- Tests/Evaluation Instruments (160)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Administrator Responsibility; Administrator Role; *Audits (Verification); Educational Finance; *Eligibility; *Federal Aid; Federal Government; Federal Programs; *Financial Aid Applicants; Higher Education; Program Administration; Programed Instructional Materials; Quality Control; Recordkeeping; *Student Financial Aid; *Student Financial Aid Officers
IDENTIFIERS	Department of Education; Higher Education Act Title IV

ABSTRACT

Module 13 of the 17-module self-instructional course on student financial aid administration (designed for novice financial aid administrators and other institutional personnel) focuses on the verification procedure for checking the accuracy of applicant data used in making financial aid awards. The full course provides an introduction to the management of federal financial aid programs authorized by the Higher Education Act Title IV. The 13th module teaches the user how to describe the scope of verification for Title IV programs, state the ways in which applicants are selected for verification, list items for which verification is required or optional, and list the documentation which is acceptable proof of the accuracy of an item. Information is offered on the following subjects: overview of verification, selection for verification, which student aid applicants must actually be verified, items to be verified, acceptable documentation, common discrepancies in information, updating requirements, reprocessing requirements and tolerance levels, requirements for payment of funds and certification of a Stafford Loan application, failure to provide documentation, and verification policies and procedures. A pre-test, post-test, glossary, and acronyms are included. An appendix provides verification worksheets. Contains three references. (SM)

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A Self-Instructional Course in Student Financial Aid Administration

An Introduction and Guide to the Administration of Federal Title IV Student Financial Aid Programs

ED307835

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A Self-Instructional Course in Student Financial Aid Administration

United States Department of Education
Office of Student Financial Assistance

Verification

13

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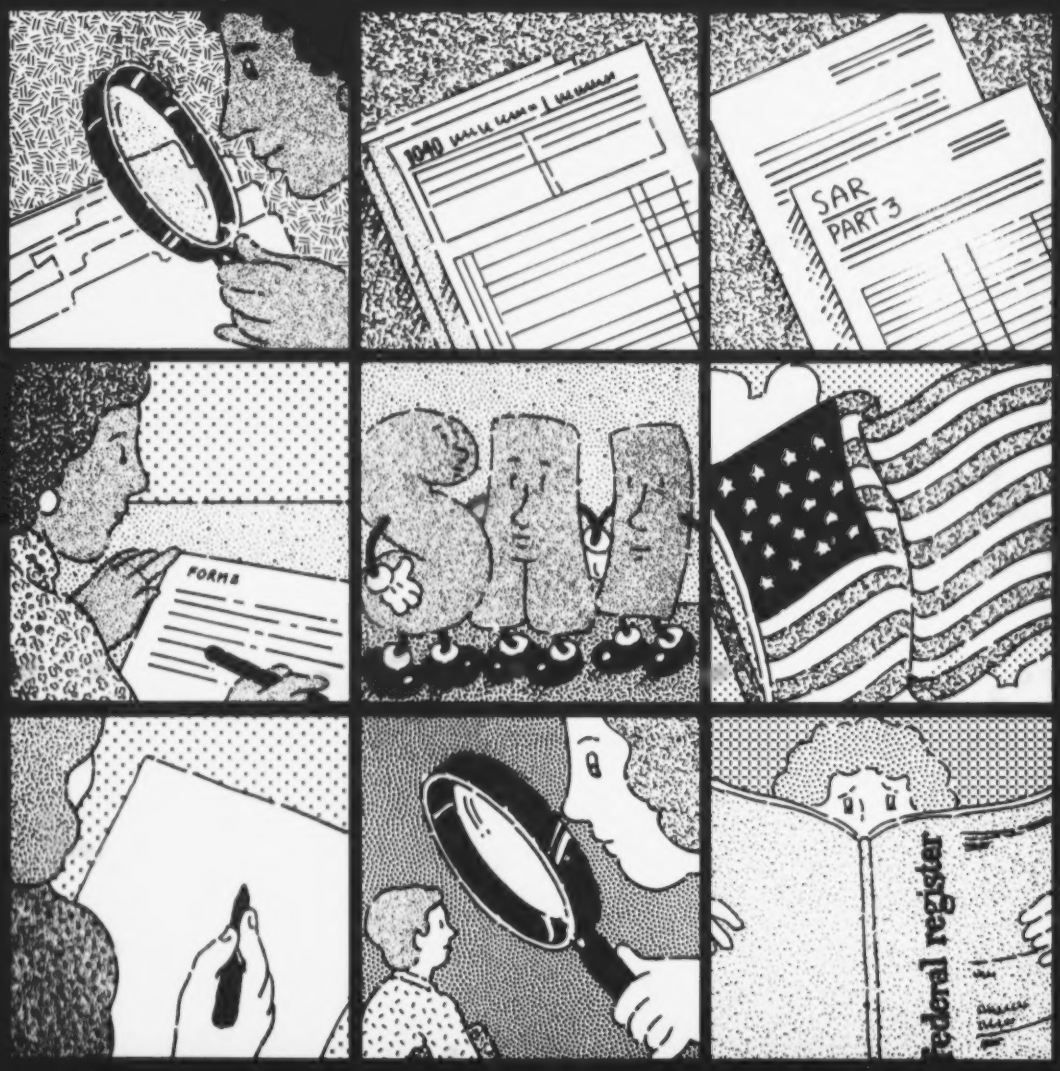

A
Self-Instructional
Course
in Student
Financial Aid
Administration

United States
Department of
Education
Office of
Student Financial
Assistance

This publication is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course consists of the following modules:

1. Student Financial Aid Administration: Course Study Guide and Introduction to the Field
2. Federal Student Financial Aid: History and Current Sources
3. The Legislative and Regulatory Processes
4. Roles and Responsibilities of the Financial Aid Office
5. Title IV Institutional and Program Eligibility
6. General Student Eligibility
7. Calculating Cost of Attendance
8. Need Analysis
9. Award Packaging
10. The Pell Grant Program
11. The Stafford Loan, SLS, and PLUS Programs
12. Campus-Based Programs: SEOG, CWS, and Perkins Loan
13. Verification
14. Authorization, Fiscal Operations, and Reporting
15. Internal Aid Office Management and Institutional Quality Control
16. Forms and Publications
17. Evaluation of Student Aid Management: Self-Evaluation, Audit, and Program Review

The course includes a Support Booklet with the complete course glossary, acronyms, key resources, bibliography, and index, as well as addresses of publishers mentioned in the course. The Support Booklet also offers guidelines for further study.

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

October 1988

Dear Colleague:

We are pleased to present the Second Edition of A Self-Instructional Course in Student Financial Aid Administration. This updated version of the course originally published in 1986 incorporates provisions of the Higher Education Amendments of 1986, with 1987 Technical Amendments and subsequent amendments.

The purpose of the course remains the same. It is designed to provide neophyte financial aid administrators (those with two years or less experience in student aid) and other institutional personnel with a systematic introduction to management of federal financial aid programs authorized by Title IV of the Higher Education Act. Students of the course will gain a fundamental understanding of the roles and responsibilities of participating institutions and of student aid administrators. On completion of the course, they will be prepared to expand this knowledge with the use of training and reference materials, on-site training opportunities, and contacts with other members of the profession.

The materials were revised under a contract with the Washington Consulting Group. The text was reviewed for technical accuracy by many staff members of the Office of Student Financial Assistance (OSFA). Special acknowledgement is due to both project staff and OSFA specialists for accomplishing very wide-ranging modifications of the text during a period when much legislative and regulatory activity affecting student aid was in progress.

Your comments and suggestions regarding any aspect of the materials are welcome. OSFA is particularly interested in learning 1) the level of experience and job responsibilities of personnel at your institution using the modules; 2) the purposes for which they are being used (for example, self-study, training new staff, reference); and 3) whether you feel that this publication is among those that OSFA should continue to update and disseminate annually. You may send your comments to the Training Branch, OSFA/ED, 400 Maryland Avenue S.W., Washington, D.C. 20202.

Sincerely,

Dewey L. Newman
Deputy Assistant Secretary for
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Enclosure

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☆ U.S. GOVERNMENT PRINTING OFFICE : 1988 0 - 222-546 (Book #1)

MODULE 13

VERIFICATION

The technical information in this module is based on laws, regulations, policies, and procedures in effect as of:

August 20, 1988

This is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course has been prepared by The Washington Consulting Group, Inc., under a contract with the U.S. Department of Education.

The course consists of 17 modules and a support booklet. It provides an introduction and guide to the administration of student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. The titles of the modules are listed on the inside front cover of this publication.

Institutions may freely reproduce the course for their own use. For more information on the course, contact one of the Department of Education offices listed on the inside back cover of this publication.

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MODULE 13

VERIFICATION

❑ LEARNING OBJECTIVES

This module discusses verification, a procedure which requires documentation to check the accuracy of applicant data used in making financial aid awards. The module will introduce you to verification concepts and requirements for the 1988-89 award year. After completing this module, you will be able to:

- ✧ describe the scope of verification for Title IV programs;
- ✧ state the ways in which applicants are selected for verification;
- ✧ list the items for which *verification is required* and the items for which it is *optional*;
- ✧ state the requirements for updating information after the initial application for financial aid has been filed;
- ✧ list the documentation which is acceptable proof of the accuracy of an item; and
- ✧ describe the requirements for application reprocessing and the use of tolerance levels.

❑ INTRODUCTION

Verification is a process of checking the accuracy of data supplied by applicants for financial aid. The purpose of verification is to ensure accurate reporting and resolve inaccuracies in applicant data. Such a system was first put into practice with the Pell Grant program, where it was known as validation. Experience proved the need for continued development and wider use of this type of system. As a result, the verification process has grown in significance and scope in recent years.

The current verification process includes a set of technical and administrative procedures to reduce errors that affect awards in the *need-based* Title IV programs. Applicants may have to verify information when applying for funds from the Pell Grant, campus-based, Stafford Loan, and SSIG programs. Verification of data is important because the information submitted by applicants determines whether they may receive Title IV financial aid and the amounts for which they are eligible.

This module provides a general description of verification. For full details of verification procedures and options for institutions, see the *Verification Guide*. Every financial aid office receives a *Verification Guide* from the Department of Education. The *Guide* contains extensive instructions in verification procedures. Use of the *Verification Guide* will be essential in the verification process. Make it a priority to read the complete *Guide* and the regulations before you begin the verification cycle at your institution. There are changes in procedures and the

treatment of various items from year to year. Experienced aid administrators as well as novices quickly learn that referring to the most recent *Guide* is far safer than relying on memory or past practice.

PRE-TEST

1. Asterisks (*) next to the SAI and FC on the Student Aid Report indicate that:

   a. the student's application could not be processed
   b. the student's application data have been selected for verification
   c. the student's application data are in error
   d. the student is exempt from verification

2. Pell Grant and campus-based financial aid may be disbursed before the verification process is completed. True or False?

3. Update requirements for verification purposes include changes in: (circle all that apply)

   a. number of household members in postsecondary education at least half-time
   b. Selective Service registration status
   c. marital status
   d. parent's divorce or separation
   e. dependency status
   f. household size
   g. address (for dependent students)

4. At an institution that has *not* chosen to limit verification to 30% of selected applicants, in which of the following cases would verification be performed? (circle all that apply)

   a. the aid administrator has conflicting documentation on file regarding a verification item
   b. the aid administrator suspects that information was reported incorrectly but has no conflicting documentation on file regarding the item
   c. the applicant does not submit a Student Aid Report or need analysis document from a processor using the federal edit system

5. Verification is a requirement for all Title IV programs. True or False?

6. If verification of a Pell Grant Student Aid Report (SAR) results in new financial data, the aid office must always require reprocessing of the SAR. True or False?

7. The term *conflicting documentation* refers to inconsistent or conflicting information: (circle all that apply)

   a. in financial aid or other institutional records
   b. in prior-year and current application records held by the institution
   c. in the institution's financial aid records only

8. Verification of family financial information is always limited to information reported on the U.S. individual income tax return (Form 1040, 1040A, or 1040EZ). True or False?

9. All student applications processed without using ED's verification selection edits must be verified. True or False?

10. Which of the following students are exempt from verification if no conflicting documentation is evident? (circle all that apply)

    a. students whose parents were not required to file an income tax return
    b. married students
    c. immigrants who arrived in the U.S. during the first calendar year of the award year
    d. incarcerated students
    e. students receiving institutional scholarships only
    f. students receiving only Stafford Loans

ANSWERS

1. b. (13.2.2)*
2. True. (13.9.1, 13.9.2)
3. a., e., and f. (13.7)
4. a., b., and c. (13.3.)
5. False. (13.1.1, 13.3.4)
6. False. (13.8)
7. a. and b. (13.4.4, 13.6)
8. False. (13.5.1)
9. False. (13.3.2)
10. c., d., and e. (13.3.5)

*For quick access to information on this question, see this section.

Questions: 10 Your Score: Percentage:

VERIFICATION

13.1 OVERVIEW OF VERIFICATION

13.1.1 The Importance of Verification

Verification is a process of checking the accuracy of data supplied by applicants for financial aid. The applicant must provide appropriate documentation so that data supplied on the aid application may be verified.

Verification of data is important because the information submitted by applicants for *need-based* Title IV financial aid is used to determine:

- ✧ whether they may receive Title IV aid; and
- ✧ the amounts for which they are eligible.

In previous modules, we have discussed the methods used to calculate the amount a student's family is expected to contribute for educational costs. This figure (the EFC) is then used to determine the student's need. If the EFC is calculated with the wrong information, the student's need may be determined incorrectly. The student may receive too little or too much aid. Government studies have shown that this problem is widespread and, in some cases, correctable only through comparison of data on the aid application with actual supporting documentation.

13.1.2 The Basic Verification Process

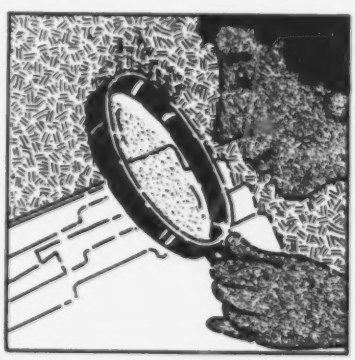
There are three main steps in the basic verification process:

Step 1. An applicant is *selected* for verification. For example, a Pell Grant applicant who submitted the Application for Federal Student Aid (AFSA) form may be selected by the ED central processor for verification.

Step 2. The applicant provides the necessary documentation so that the financial aid administrator can review specific *verification items*. For example, applicants may be required to supply copies of income tax returns.

✦ Verification is *required* in these programs:
- Pell Grant
- SEOG
- Perkins Loan
- CWS
- Stafford Loan, except for applicants attending foreign schools
- SSIG, when the institution knows an applicant's state grant includes federal funds

✦ Verification is *not* required in these programs:
- SLS
- PLUS
- Robert C. Byrd Honors Scholarship



Verification procedures are governed by Subpart E of 34 CFR 668, "Verification of Student Aid Application Information," regulations published in the *Federal Register* on March 14, 1986, and August 15, 1986, as amended by the Higher Education Amendments of 1986.

Step 3. The aid administrator takes the *necessary actions*, if any, based on the results of verification and the school's policies. For example, all applicants who supplied inaccurate data on the AFSA may be required to resubmit their data for reprocessing by the central processor.

13.2 SELECTION FOR VERIFICATION

13.2.1 How Applicants are Selected

Applicants for Title IV student financial aid may be selected for verification:

- ✧ by the ED central processor, an MDE processor, or some* certified NAS processors using ED's standard edit checks:
  - if their aid application appears likely to be inaccurate; or
  - if they are randomly selected.
- ✧ by the aid administrator, if their financial aid application has not been processed with ED's standard edit checks.

The Department of Education has developed a series of standard edit checks, or *verification selection edits*. These edits are used to select Title IV student aid applicants who have the greatest likelihood of error in the data they submitted on their aid application. The central processor, approved MDE processors, and some of the certified NAS processors use these standard edit checks.

Using the ED system, applications will also be selected at random for verification. Although there may have been no indication of error, the application will still have to be verified.

Selecting applications for verification with an edit system is an effective way to detect errors. However, it may be that the need analysis system you use does not have an agreement with ED to use the standard edits. Also, some campus-based and Stafford Loan program applicants do not send an application to a processor. The aid administrator can determine an expected family contribution for campus-based applicants by computer or

MDE Processors:
- American College Testing Program (ACT)
- College Scholarship Service (CSS)
- Pennsylvania Higher Education Assistance Agency (PHEAA)
- Illinois State Scholarship Commission (ISSC)

Certified Need Analysis System (NAS):* A NAS processor's need analysis system may be certified by ED. There are four levels of certification. ***Level 4* need analysis systems are certified to perform ED's standard edit checks on applicant data and to select applicants for verification.

For more information on MDE and certified NAS processors, see Module 8, Section 8.4.

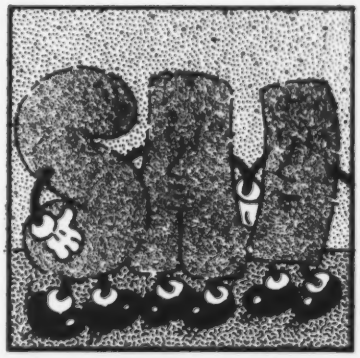
Edits are a set of procedures for identifying student aid applications that will need verification. They check for factors such as incorrect, missing, illogical, or inconsistent data. The edits also include random selection of some applications.

Possible ways a student is *selected for verification:*
1. The *processor* selects the student. Processors use automated methods that include checking for incorrect, missing, illogical, or inconsistent data, and also include random selection of some applications.
2. The student does not submit an application to a processor that uses the standard edits and the financial aid office calculates an EFC for campus-based or Stafford awarding with the CM need analysis formula. Such students are *automatically selected* for verification.
3. Optional: An *institutional policy* which requires verification of all aid applicants or which selects additional applicants for verification.

"hand calculation," using the statutory need analysis formula, on campus. Applications processed on campus in this manner have not been subjected to the checking normally performed by the application processors unless the school uses an ED-certified need analysis system that incorporates the edits.

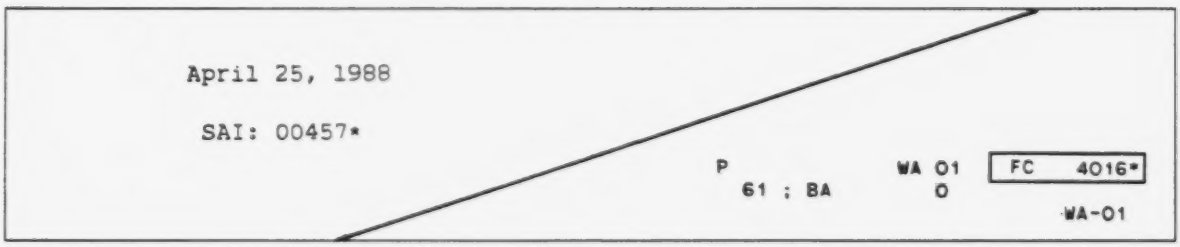
Regardless of the method by which the applicant has been selected for verification, *the student must provide the necessary documentation for the verification process.*

13.2.2 Selection Indicators Used by the Central Processor, MDE Processors, and Certified Need Analysis Systems



If a student applies through the ED central processor, an MDE processor, or a NAS certified to perform the standard edits, and the student is selected for verification, the output document will contain a specific indicator or message signaling verification requirements. These indicators and messages will vary depending on the organization that processed the application.

On the Student Aid Report, look for an asterisk next to the Student Aid Index (SAI) and the Family Contribution figure (FC). The SAI is in the upper right-hand corner of both Part 1 (the Information Summary) and Part 2 (the Information Review Form). The FC is located on the bottom right-hand corner of Part 1 and Part 2. If there is an asterisk next to the SAI and FC, the student has been selected for verification. (Students who are ineligible for a Pell Grant may still be selected for verification and will receive a SAR with an asterisk next to the SAI and FC.)

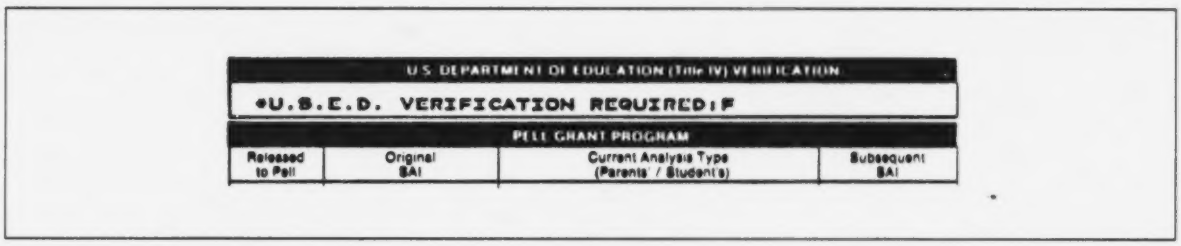


Need analysis documents which have been selected for verification by an MDE processor or certified NAS using the standard edits will indicate in various ways that verification is required. It is important to remember that the edit messages and codes do *not* indicate the *only* items needing verification. Section 13.4 will discuss the regulatory requirements covering items that must be verified if an application is selected for verification.

Below are examples of ways in which two of the MDE processors notify schools of selection for verification. If you use processors other than those shown here, you should be familiar with the method they use to indicate the student's selection for verification.

The Financial Aid Form Need Analysis Report (FAFNAR) processed by the College Scholarship Service (CSS) has a box labeled "U.S. Department of Education (Title IV) Verification." If verification is required, this box will contain edit messages such as the one shown in this example:

The *FAFNAR* is reprinted with the permission of the College Board. Copyright ©1987 by the College Entrance Examination Board, New York.


U.S. DEPARTMENT OF EDUCATION (Title IV) VERIFICATION

•U.S.E.D. VERIFICATION REQUIRED:F

PELL GRANT PROGRAM

Released to Pell	Original SAI	Current Analysis Type (Parents' / Student's)	Subsequent SAI

The Comprehensive Financial Aid Report (CFAR) processed by the American College Testing Program (ACT) has an open area to the right of the "Budget Analysis" box in the middle of the form. If verification is required, this area will include edit messages such as those in the example below.

The *CFAR* is reprinted with the permission of the American College Testing Program. Copyright ©1987 by The American College Testing Program, Iowa.

```
 08 U.S.E.D. VERIFICATION REQUIRED: U
108 U.S.E.D. REJECT CODES: 55.
```

13.3 WHICH STUDENT AID APPLICANTS MUST ACTUALLY BE VERIFIED?

13.3.1 Applicants Selected as a Result of ED's Standard Edit Checks

A school is required to verify *all* applicants selected as a result of ED's standard edit checks *unless* this is more

than 30% of its total financial aid applicants for any type of Title IV student aid in the award year. The institution must verify all selected applicants if the total number selected is less than or equal to 30% of all Title IV financial aid applicants. If the number selected is over 30%, an institution has two options:

- ✧ it may choose to verify *all* of the selected applicants; or
- ✧ it may decide to verify only 30% (the required minimum) of its Title IV student aid applicants who were selected for verification. In this case, the school *must have a tracking system in place to document that it has satisfied the 30% requirement at the end of the award year.* For students who were selected for verification but not verified because the school had already met the 30% limit, this reason for not verifying must be clearly documented in the students' files.

If an institution chooses to limit its verification to the minimum of 30%, it must have a tracking system to show that it has satisfied the 30% requirement at the end of the award year.

13.3.2 Applicants Whose Data has Not been Processed through ED's Standard Edit Checks

There are special selection requirements for applicants who do not have a SAR or an output document from an MDE or a certified NAS using ED's standard edit checks. *Applicants whose application data have not been processed through the verification edits are **automatically considered selected for verification.*** These cases include:

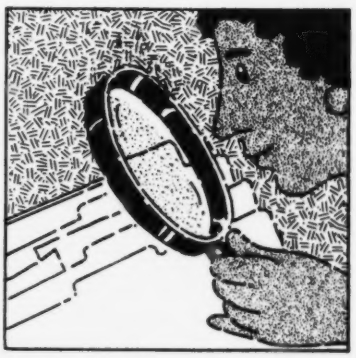
- ✧ applicants who apply for campus-based aid or Stafford Loans and whose EFCs are calculated by the institution
- ✧ applicants whose data are processed by an NAS which does not have an agreement with the Secretary of Education to use the standard verification edits

All such applicants are added to the "pool" of applicants selected for verification at your institution. At a minimum, this "pool" will consist of applicants selected through ED's edit checks and all applicants who did not pass through the edit process. As described in the previous section, you must verify all of the applicable required data items for *at least 30% of the combined "pool" of applicants .*

13.3.3 Verification of Additional Applicants

Institutions are free to develop policies that extend the selection of applicants for verification beyond the existing ED requirements. For instance, they may require verification for *all applicants*. For guidelines and information on verification selection, please refer to the 1988-89 *Verification Guide*.

13.3.4 Verification Requirements for Different Title IV Programs



All applicants to the Pell Grant and campus-based programs are subject to selection for verification.

Stafford Loan applicants are also subject to selection for verification, except for those attending foreign schools. Because foreign school personnel are not familiar with the documentation needed for the verification process--the U.S. income tax return--Stafford Loan applicants attending these schools are exempt from the verification requirement.

Verification of the data submitted by applicants for state grants is required *only if* the institution knows, or can be reasonably expected to know, that an applicant's state grant contains federal (SSIG) funds. In this case, the institution must use verified data to determine an applicant's expected family contribution. If the state determines the EFC, the institution must notify the state regarding inconsistencies, if the state says it must do so.

Verification is not required in the SLS, PLUS, or Robert C. Byrd Honors Scholarship programs. There is no verification requirement for PLUS and SLS applicants because PLUS and SLS loans are not need-based. *These exemptions from verification do not apply to students who will receive other Title IV aid in addition to SLS and PLUS loans, SSIG grants, or Robert C. Byrd Honors Scholarships.*

If the institution uses a need analysis processor (federal or other) to determine an SLS applicant's eligibility for a Pell Grant or Stafford Loan--as now required by law for SLS loans made after October 1, 1988--the student may be selected for verification. However, if the need analysis shows that the student is not eligible for Title IV funds other than SLS, completion of verification is not required.

13.3.5 Applicants for Whom Verification is Not Required

Verification is not required:

- ✧ for data submitted by an applicant who dies during the award year;

- ✧ for an applicant seeking aid only from Title IV programs which do not require verification; or
- ✧ for a Stafford Loan applicant attending a foreign school.

If the school does not have conflicting documentation or reason to doubt the accuracy of application data, exemption from verification may be provided for an applicant who:

- ✧ is a legal resident of (and, in the case of a dependent student, whose parents are also legal residents of) the Northern Mariana Islands, Guam, or American Samoa;
- ✧ is a citizen of (and, in the case of a dependent student, whose parents are also citizens of) the Republic of the Marshall Islands, the Federated States of Micronesia, or the Trust Territory of the Pacific Islands;
- ✧ is incarcerated at the time of verification;
- ✧ is an immigrant* who arrived in the U.S. during calendar year 1988 or 1989 (for the 1988-89 award year);
- ✧ is a dependent student whose parents are deceased, mentally or physically incapacitated, residing in a country other than the United States who cannot be contacted by normal means of communication, or cannot be located because the address is unknown (in addition, a student need not document information or provide the signature of a spouse who meets any of these conditions);
- ✧ has *transferred* from another institution and whose applicant data was verified by that institution;
- ✧ is not verified because the institution employs the 30% verification limitation, and the verification limit has been reached; or
- ✧ has been selected for verification but has dropped out of school without receiving financial aid.

*The applicant must still meet the citizenship requirements in order to receive Title IV aid.

For a *transfer applicant* to qualify for exclusion, you must obtain from the school that completed the verification:

- a letter stating that the application data have been verified and the tolerance option used, if any, and a copy of the verified application; *and*
- if the applicant received a Pell Grant, photocopies of Parts 1 and 3 of the SAR on which payment was disbursed. When the student submits a duplicate SAR to you for payment, you must confirm that it is an exact duplicate by checking that it has the same date and transaction number as the SAR that was verified at the prior school. Otherwise, the transfer applicant is not excluded from verification.

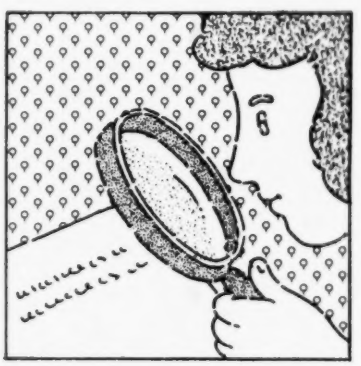
Verification Requirements for Applicants Classified as Dislocated Workers

In most instances, a dislocated worker's estimated year income is used in the calculation of an EFC, home equity is excluded, and the dislocated worker's status will be specifically indicated in the SAR comments. If the applicant also qualified for the Simplified Needs Test, however, both *base-year* data and *expected year* data will be used to produce "primary" and "secondary" SAIs. When this occurs, the aid administrator must check the SAR to see which year's information was used to calculate eligibility. *If expected year data are used to award aid, verification of that data is not required.*

Primary and Secondary SAIs for Dislocated Workers Who Qualify for the Simplified Needs Test:

- The "primary" SAI, calculated from base-year data, will appear in the upper right hand corner of Parts 1 and 2 of the SAR.
- The "secondary" SAI, based on expected year data, will appear in the "School Use" box on Part 2 of the SAR.

13.4 ITEMS TO BE VERIFIED



The verification process tests the accuracy of data used to determine an expected family contribution (EFC). For Pell Grant purposes, the EFC is known as the SAI and is determined by the Pell Grant Family Contribution Schedule methodology (FCS). For the campus-based and Stafford Loan programs, the EFC is known as the FC and is determined by the Congressional Methodology (CM). The two methodologies use significantly different formulas and both calculate the EFC differently for dependent and independent students. Therefore, the items which require verification will depend on the individual's dependency status and the formula used to produce the EFC.

13.4.1 Required Verification Items

Adjusted Gross Income (AGI) for the Base Year

Base Year: For example, 1987 is the base year for award year 1988-89.

For independent students, the aid administrator must verify the AGI* of the applicant and his or her spouse (if married) for the base year. For dependent students, the AGI to be verified must also include the income of the parent(s).

U.S. Income Tax Paid for the Base Year

For independent students, the aid administrator must verify the U.S. income tax paid for the base year by the applicant and his or her spouse (if married). For dependent students, the income tax paid by the parent(s) must also be verified.

*Where the dependent student's base-year income is used in the calculation of the SAI *for a determination of Pell Grant eligibility only*, verification of the dependent student applicant's AGI is optional, even where the student's application has been selected for verification. If the student, at a later date, applies for the campus-based and/or Stafford Loan programs and is selected for verification, the aid administrator must verify the student's base-year income.

Number of Family Members in the Household

Household size is the number of persons for whom
- the parents of the dependent student applicant, or
- the independent applicant and spouse

provide at least one-half of their total support for the award year. If a child will be born during the award year, the child can be included in household size.

- ✧ a dependent student's *spouse* is included in the number in household, and the dependent student's household size must be verified if the number reported on the application is greater than 2

- ✧ an independent student's household size must be verified if the number reported on the application is greater than 1

However, in any of the following cases, the aid administrator has the option of *not* requiring verification of household size:

- ✧ if 90 days or less have elapsed between the date the applicant signed the application and the date your institution receives the output document

- ✧ if the prior year's verified household size is the same as the number reported for the current year

- ✧ if, for dependent applicants, the parent is single, divorced, separated, or widowed and:
  - the reported household size is the same as the number reported for the current year, or
  - the reported household size is 2

- ✧ if, for dependent applicants, the parents are married and the reported household size is 3

- ✧ if, for independent applicants, the applicant:
  - is married and the reported household size is 2, or
  - is single, divorced, separated, or widowed and the reported household size is 1

Number Enrolled In Postsecondary Education

Number enrolled in postsecondary education means those household members who will be attending a postsecondary educational institution on at least a half-time basis during the award year.

The aid administrator must verify the number of family members attending postsecondary educational institutions as at least half-time students.

However, in any of the following instances, the aid administrator has the option of *not* requiring verification of the number enrolled in a postsecondary institution:

- ✧ if 90 days or less have elapsed between the date the applicant signed the application and the date your institution receives the output document

- ✧ if the prior year's verified number enrolled in postsecondary educational institutions is the same as the number reported for the current year

- ✧ if the reported number enrolled in postsecondary institutions is 1

- ✧ if the applicant's family members are enrolled at the same institution as the applicant and the institution verifies their enrollment from its own records

Certain Untaxed Income and Benefits

The aid administrator must verify certain untaxed income and benefits for the base year:

- ✧ *Social Security benefits*, if no Student Aid Report was received and if the institution has information showing or reason to believe such benefits were received

- ✧ *child support*, if the institution has information showing, or reason to believe, it was received

- ✧ *untaxed payments made to IRA or Keogh plans*

- ✧ *foreign income exclusion*

- ✧ *earned income credit*

All the items listed above must be verified for at least 30% of the institution's total financial aid applicants for any type of Title IV student aid *if* the items were used in the determination of the EFC *and if* the applicant:

- ✧ was selected for verification by the ED central processor, MDE processor, or certified need analysis system using ED's standard verification selection edits; or

- ✧ does not have a SAR or output document from the ED central processor, MDE processor, or certified need analysis system using ED's standard edits.

Untaxed Income and Benefits:

- You must verify *VA educational benefits* for applicants for whom you certify enrollment status to the Veterans Administration.

- Some *Social Security* statements will show an amount subtracted for Medicare. Be sure to add the Medicare amount that was deducted back in to the total Social Security benefits for the base year.

- *Foreign Income Exclusion:* Form 2555 is used by certain U.S. citizens and residents living in foreign countries to deduct some excessive foreign living expenses or to exclude a limited amount of income received for personal service rendered abroad.

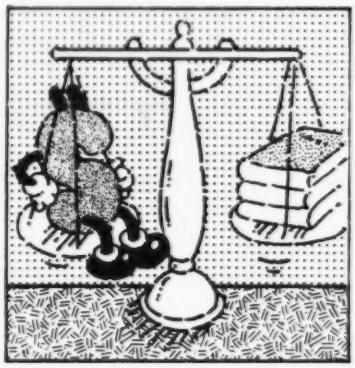
13.4.2 Required Verification--General Examples

The charts on the next page show the items to be verified for dependent and independent applicants. Refer to the charts and note the following:

- Both charts show a column identifying the two need analysis methodologies by which an EFC may be determined. If more than one system is used to award aid, the items required for each of the systems must be verified.

- ACT, CSS, ISSC, and PHEAA are some of the processors that will calculate an expected family contribution using the CM methodology to be used in awarding campus-based aid.

- The Pell Grant formula uses the *base year* income for the dependent student (and dependent student's spouse, if married) to calculate the SAI. However, verification of the dependent student's base year income is optional if the student has applied only for the Pell Grant program.



REQUIRED VERIFICATION ITEMS FOR DEPENDENT STUDENT

Expected Family Contribution Determined From:		*Base Year Data*[1] AGI	Tax Paid	Social Security Benefits	Child Support	Other Untaxed Income from Tax Return[2]	Household Size	Number in Post-Secondary Education
SAR SAI	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA						✔	✔
SAR FC	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔
ACT, CSS, ISSC, or PHEAA	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔

1. *Estimated Year* income may be used in calculating the SAI and FC for *dislocated workers.* Verification of estimated year income is optional.
2. *Other Untaxed Income* may include untaxed payments to IRA and/or Keogh plans, foreign income exclusion, earned income credit, and interest on tax-free bonds.

REQUIRED VERIFICATION ITEMS FOR INDEPENDENT STUDENT

Expected Family Contribution Determined From:		*Base Year Data*[1] AGI	Tax Paid	Social Security Benefits	Child Support	Other Untaxed Income from Tax Return[2]	Household Size	Number in Post-Secondary Education	Independent Status[3] (If Applicant is under 24)
SAR SAI	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔
SAR FC	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔
ACT, CSS, ISSC, or PHEAA	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔

3. *Independent Status* may need to be verified by checking parents' income tax returns.

Example 1

Question:

Which items must be verified for a dependent student who had to update her dependency status from independent to dependent using an AFSA Correction Application, and who:

- ✧ is eligible for a Pell Grant;
- ✧ will not receive campus-based aid; and
- ✧ qualifies for a Stafford Loan and has completed a Stafford Loan application?

Solution:

In general, verification of a dependent student's base-year income and untaxed income and benefits is optional when the income and benefits are used in calculating the family contribution for Pell Grant awarding only. However, Pell Grant applicants who also apply for campus-based aid or a Stafford or SLS loan must resolve any discrepancies between the dependent student's tax return and the Pell Grant application. The two sets of requirements in this case are shown as unshaded areas on the chart.

REQUIRED VERIFICATION ITEMS FOR DEPENDENT STUDENT

Expected Family Contribution Determined From:		*Base Year Data*						
		AGI	Tax Paid	Social Security Benefits	Child Support	Other Untaxed Income from Tax Return	Household Size	Number in Post-Secondary Education
SAR SAI	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA						✔	✔
SAR FC	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔
ACT, CSS, ISIR, or FAFSA	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔

Example 2

Question:

Which items must be verified for a 25-year-old independent student who filed an application with CSS, and who:

- **is eligible for a Pell Grant;**
- **is eligible for campus-based aid; and**
- **qualifies for a Stafford Loan, based on the CSS output document?**

Solution:

The required verification items are shown as unshaded areas on the chart.

REQUIRED VERIFICATION ITEMS FOR INDEPENDENT STUDENT

Expected Family Contribution Determined From:		*Base Year Data*							
		AGI	Tax Paid	Social Security Benefits	Child Support	Other Untaxed Income from Tax Return	Household Size	Number in Post-Secondary Education	Independent Status (If Applicant is under 24)
SAR SAI	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔
SAR FC	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔
ACT, CSS, ISSC, or PHEAA	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔

Example 3

Question:

Which items must be verified for a dependent student who filed only the AFSA, and who:

- ✧ is eligible for a Pell Grant; and
- ✧ will not receive campus-based aid or a Stafford or SLS loan ?

Solution:

The required verification items are shown as unshaded areas on the chart.

REQUIRED VERIFICATION ITEMS FOR DEPENDENT STUDENT

Expected Family Contribution Determined From:		Base Year Data: AGI	Tax Paid	Social Security Benefits	Child Support	Other Untaxed Income from Tax Return	Household Size	Number in Post-Secondary Education
SAR SAI	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA						✔	✔
SAR SU	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔
ACT, DRS, SSO, IR, AREAS	PARENTS' DATA	✔	✔	✔	✔	✔	✔	✔
	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔

Example 4

Question:

Which items must be verified for a 18-year-old independent student who has not previously received Title IV aid, who filed an application with PHEAA for the 1988-89 award year, and who:

- ✧ is eligible for a Pell Grant;
- ✧ is eligible for campus-based aid; and
- ✧ qualifies for a Stafford Loan, based on the PHEAA output document?

Solution:

Because the applicant is under 24, her independent status must be verified. As she will receive aid for the first time in 1988-89, this requires checking the parents' tax returns for the years 1986 and 1987. If the parents claimed the student as a tax deduction in either of those years, the student may not be classified as independent. The required verification items are shown as unshaded areas on the chart.

REQUIRED VERIFICATION ITEMS FOR INDEPENDENT STUDENT

Expected Family Contribution Determined From:		*Base Year Data*							
		AGI	Tax Paid	Social Security Benefits	Child Support	Other Untaxed Income from Tax Return	Household Size	Number in Post-Secondary Education	Independent Status (If Applicant is under 24)
SAR SAI	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔
SAR FC	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔
ACT, CSS, ISSC, or PHEAA	APPLICANT'S (AND SPOUSE'S) DATA	✔	✔	✔	✔	✔	✔	✔	✔

13.4.3 Discretionary Verification Items

An institution may verify any application items or require any reasonable documentation it deems appropriate for selected applicants it selects. Items for which verification may be desirable but is not required by regulation are known as discretionary items. The following is a partial list of discretionary items which may be reported incorrectly. It is advisable to check them where applicable:

- ✧ medical and dental expenses
- ✧ elementary and secondary school tuition
- ✧ business value or debt
- ✧ farm value or debt
- ✧ trust fund income
- ✧ a prior bachelor's degree
- ✧ untaxed income and benefits not reported on the tax return
- ✧ in-kind support (food stamp program, child care program, day care services that are provided by the Social Services Block Grant Programs, Summer Food Service Program, *etc.*)
- ✧ low reported income (income that appears too low to support the household size)
- ✧ home value

Welfare Benefits:
- Worker's Compensation
- JTPA noneducational benefits (funds used to pay part of a person's salary)
- Housing, food, and other living allowances for military, clergy, and others (include cash payments and cost value of benefits)
- Veterans benefits (except for educational benefits)

Many of these discretionary items could indicate asset value or debt. Chapter 6 of the *Verification Guide* provides a comprehensive list of discretionary items.

13.4.4 Conflicting Documentation and Data Reconciliation

The term *conflicting documentation* refers to inconsistent data within the institution's records or inconsistencies between the application data held by the central processor (as shown on the SAR) and the institution's records. If an institution has information which conflicts with what the applicant reported, or has any other

Conflicting documentation is any contradictory or inconsistent information. In this section, the term refers to a discrepancy in the information in the student's financial aid file (including verification documents), or institutional records such as those held by the admissions office, veterans office, loan office, registrar's office, etc. The *data reconciliation* process resolves these discrepancies.

reason to believe the information is inaccurate, *it must resolve any inconsistencies.*

If you find an inconsistency or discrepancy in your records concerning a particular data item, you must verify that item. In these cases, you are not required to verify other items unless a tax return has been submitted to the institution. If a tax return has been submitted, you must verify those required items that can be verified using the tax return. These items are listed in the chart on page 12.

Section 668.14(f) of the Student Assistance General Provisions requires that schools develop an adequate system to verify the consistency of the information they receive from different sources with respect to a student's application for financial aid under Title IV programs.

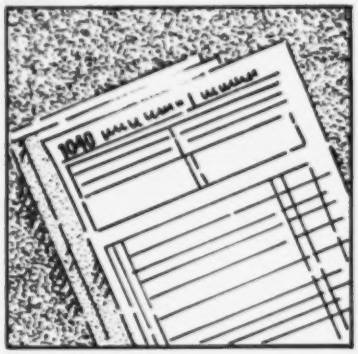
These actions may be termed *data reconciliation.* The process of data reconciliation is different from verification and must be performed regardless of whether an applicant has been selected for verification. *Instances of data reconciliation cannot be counted towards the 30% minimum for verification of selected applicants.*

Example 5: Conflicting Documentation in the Institution's Records

A student completed an institutional application for financial aid indicating that he was born on January 31, 1968 and will live at his parent's address while enrolled for the 1988-89 academic year. Subsequently, the student submits a SAR indicating that he was born on January 31, 1964 which would enable the student to qualify as independent under the definition for the 1988-89 academic year. The data on the institutional application conflicts with the SAR.

13.5 ACCEPTABLE DOCUMENTATION

What documentation is acceptable proof of the accuracy of an item selected for verification? The regulations and the *Verification Guide* published by the Department of Education provide listings of acceptable documentation by data item (see 34 CFR 668.57). We will examine each required verification item and the documentation needed to verify the information reported by the applicant.



The total tax amount shown on a U.S. income tax return will not always be the figure the that should be reported on the aid application. For a complete listing of the types of tax items which are not included in federal taxes, please consult Chapter 3 of the 1988-89 *Verification Guide.*

13.5.1 AGI and U.S. Income Tax Paid

For applicants (and their spouses), or parents in the case of dependent applicants, who filed an income tax return, one of the following documents is used for verification:

- ✧ a signed copy of the U.S. income tax return–Form 1040, 1040A, or 1040EZ. If a joint return was filed, only one signature is necessary. The signature or stamp of the tax preparer is also acceptable.

- ✧ the IRS listing of tax account information, IRS Letter 1722.

If no income tax return was filed or will be filed, the following is considered acceptable documentation:

- ✧ a statement signed by the person whose income is being verified that no U.S. tax return was filed or will be filed, *and*

- ✧ a list of the sources and amounts of income earned from work.

13.5.2 Household Size

To verify household size, the student must provide a statement listing household members and their relationships to the student. The statement must be signed by the applicant and, if married, the applicant's spouse. If the applicant is dependent, at least one parent must also sign the statement.

13.5.3 Number of Household Members Enrolled in Postsecondary Education

Only household members attending postsecondary institutions at least half-time during the award year are to be reported on the aid application. Documentation required for verification will depend upon whether your institution questions the accuracy of the information.

If you have no reason to question the information submitted on the application, the required documentation is a statement listing the names of household members enrolled or planning to enroll at least half-time, their ages, and the names of the institutions in which they are or will be enrolled. The statement must be signed by the applicant, the applicant's spouse, and at least one parent if the applicant is dependent. The listing on the student aid application form is an acceptable form of documentation if it is signed again at the time of verification.

If you have reason to believe that the information provided by the applicant is not correct, you must require

Effective July 18, 1988, the tax on income paid to the governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as United States income taxes for purposes of Pell Grant and CM need analysis.

Foreign income and tax figures must be converted to U.S. dollars based on the rate of exchange on the date the applicant completes the application. If the tax return is difficult to interpret, the FAA should consider contacting that country's embassy or consulate for assistance in translating the return and determining the exchange rate.

Updating Applicant Data

Three items that *must be updated* if they change after the time of application are:

- household size
- number of household members enrolled in postsecondary education
- dependency status

See Section 13.7 for a discussion of updating requirements.

verification from the institutions that the family members are or will be attending at least half-time. If a family member has not yet registered and no statement can be obtained for this reason, you may rely on the signed statement described above.

13.5.4 Untaxed Income and Benefits

Untaxed income is income that the Internal Revenue Service Code has determined should be excluded from federal income tax liability. Title IV student financial aid programs, however, generally include untaxed income as discretionary income that is available to a family in meeting the costs of postsecondary education.

✦ **Social Security Benefits:** These benefits must be verified only if:

- ✧ no SAR has been received, and
- ✧ the institution has documentation showing such benefits were received, or has reason to believe they were received.

Except for educational benefits, Social Security benefits received in the base year and reported on the 1988-89 financial aid application must be verified with Social Security Administration, if possible. This applies to benefits for:

- ✧ *either* a dependent applicant, his or her parents, and parents' children;
- ✧ *or* an independent applicant and his or her spouse and children.

This information may be collected from:

- ✧ the 1987 IRS 1040 tax return, line 20(b);
- ✧ documentation from the Social Security Administration showing the total amount of benefits received in 1987; or
- ✧ a statement signed by the applicant, the spouse, if married, and the parents, if the applicant is dependent, certifying that the amount of Social Security benefits reported on the application is correct.

✦ **Child Support:** If this is indicated on the application or you have reason to believe it was received, you must verify it by obtaining a signed statement certifying that the information is correct--you cannot verify child support with the tax return. If you have reason to believe the signed statement is incorrect, you must request other documentation. See the *Verification Guide* for documentation to request in this case.

✦ **Untaxed Portions of Payments to IRA and/or Keogh Plans:** These must be verified as they are included in the calculation of the parental contribution for the Pell Grant, campus-based, and Stafford Loan programs. The amounts are reported on lines 24a, 24b, or 26 of the 1040 or line 11c of the 1040A.

✦ **Earned Income Credit:** The amount may be obtained by checking line 56 of IRS Form 1040, or line 21b of IRS Form 1040A. Earned income credit is allowed families with eligible low-income workers who maintain a home in the U.S. in which one or more children reside.

✦ **Foreign Income Exclusion:** This is verified by looking at the amount reported on line 39 of IRS Form 2555. This item must be reported as other untaxed income and benefits. If an amount is reported on line 46 of the form, the amount is not to be included.

In cases where no tax return was filed, you must obtain a signed statement certifying that a tax return was not or will not be filed and listing the sources and amounts of untaxed foreign income and earned income credit (see Chapter 3 of the *Verification Guide*).

13.5.5 Verification Worksheets

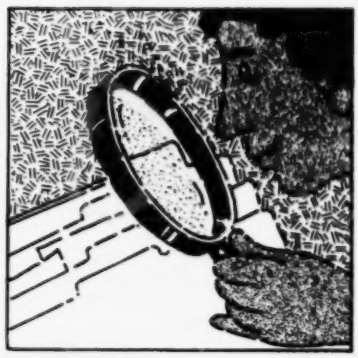
ED has developed verification worksheets for the dependent and independent student. These are sent to students whose applications have been selected for verification by the central processor or the ISSC, and may also be used for verification of students selected by the school. In all cases, use of the ED verification worksheets is optional. Copies of the ED worksheets are presented in the Appendix.

ISSC (the Illinois State Scholarship Commission) is an approved MDE processor.

The worksheets are specifically designed to obtain the required information, statements, and signatures appropriate to the student's circumstances. Applicants should submit their completed worksheets to the financial aid office--forms should *not* be mailed to ED.

Applicants using the other MDE processors and need analysis systems may or may not receive a verification worksheet, depending on the procedures of the particular organization. An applicant selected for verification will not need to complete more than one worksheet unless directed to do so by the aid administrator.

13.6 COMMON DISCREPANCIES IN INFORMATION



The documents in which discrepancies may be discovered include need analysis forms, tax returns, benefit statements from an awarding agency, the SAR, Veterans Administration documents, Financial Aid Transcripts, and institutional forms and applications.

As you acquire hands-on experience in the verification process, you will become proficient in detecting reporting errors. Several essential types of checks that are made during the process are shown in the examples below.

Example 6: Tax Paid

Frequently, the amount *withheld* is reported and not the total tax liability. The applicant has failed to transfer the specific line item from the tax return to the application. The entry on the SAR should be the total tax: $2,308.

67.	MARITAL STATUS	MARRIED
68.	STATE OF LEGAL RESIDENCE	AK
69.	NUMBER OF FAMILY MEMBERS	05
70.	NUMBER IN COLLEGE IN 1988-89	2
71.	1987 TAX RETURN STATUS	COMPLETED 1040A/EZ
72.	EXEMPTIONS CLAIMED	05
73.	INCOME FROM INCOME TAX FORM	$ 24,525
74.	U.S. INCOME TAX PAID	$ 2,119
75.	ITEMIZED DEDUCTIONS	

Incorrect entry on the *Parents' Information* Section of the SAR

Step 7
Figure your tax, credits, and payments (including advance EIC payments)

If You Want IRS To Figure Your Tax, See Page 24 of the Instructions.

Caution: If you are under age 14 and have more than $1,000 of investment income, see page 24 of the instructions and check here ▶ ☐ Form 1040A

18	Find the tax on the amount on line 17. Check if from: ☐ Tax Table (pages 32–37); or ☐ Form 8615, Computation of Tax for Children Under Age 14 Who Have Investment Income of More Than $1,000.	18	2,308
19	Credit for child and dependent care expenses. Complete and attach Schedule 1, Part I.	19	
20	Subtract line 19 from line 18. Enter the result. (If line 19 is more than line 18, enter -0- on line 20.) This is your **total tax**.	▶ 20	2,308
21a	Total Federal income tax withheld. This should be shown in Box 9 of your W-2 form(s). (If line 6 is more than $43,800, see page 26.) 21a 2,119		
b	Earned income credit, from the worksheet on page 28 of the instructions. Also see page 27. 21b		
22	Add lines 21a and 21b. Enter the total. These are your **total payments**.	▶ 22	2,119

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Example 7: Other Untaxed Income and Benefits

A look at the tax return will immediately tell you whether a figure should have been reported on the application for this item. Applicants who do not read the instructions carefully and who do not look at the worksheet in the application instructions may assume they have no untaxed income. This is a common error.

In the following case, the FAF Worksheet and Form 1040 show that at least $2,500 should have been reported on the SAR.

Worksheet for question 27d

Amounts from IRS Tax Forms

Credit for federal tax on special fuels from Form 1040, line 59	$ .00
Foreign income exclusion from Form 2555, line 39	+ .00
Deductible IRA/Keogh payments from Form 1040, lines 24a, 24b, and 26, or from Form 1040A, line 11c	+ .00
Earned income credits from Form 1040, line 56, or 1040A, line 21b	+ .00
Untaxed portions of pensions from Form 1040, line 16a minus 16b (excluding "rollovers")	+ 2,100 .00
Tax-exempt interest income from Form 1040, line 9, or 1040A, line 7b	+ 400 .00

Other Untaxed Income

Other welfare benefits (except AFDC/ADC)	+ .00

FAF Worksheet

79.	ANNUAL AFDC/ADC	$ 0
80.	ANNUAL CHILD SUPPORT RECEIVED	$ 0
81.	OTHER UNTAXED INCOME	$ 0
82.	MEDICAL/DENTAL EXPENSES	$ 1,000
83.	ELEM./JR. HIGH/SR. HIGH TUITION	$ 0

Incorrect entry on the *Parents' Information* Section of the SAR

Form 1040

Income

Please attach Copy B of your Forms W-2, W-2G, and W-2P here.

If you do not have a W-2, see page 6 of Instructions.

7	Wages, salaries, tips, etc. *(attach Form(s) W-2)*		7	
8	**Taxable** interest income *(also attach Schedule B if over $400)*		8	
9	**Tax-exempt** interest income (see page 10). DON'T include on line 8	9 400		
10	Dividend income *(also attach Schedule B if over $400)*		10	
11	Taxable refunds of state and local income taxes, if any, from worksheet on page 11 of Instructions		11	
12	Alimony received		12	
13	Business income or (loss) *(attach Schedule C)*		13	
14	Capital gain or (loss) *(attach Schedule D)*		14	
15	Other gains or (losses) *(attach Form 4797)*		15	
16a	Pensions, IRA distributions, annuities, and rollovers. Total received	16a 2,100		
b	Taxable amount (see page 11)		16b	0
17	Rents, royalties, partnerships, estates, trusts, etc. *(attach Schedule E)*		17	

Example 8: Home Value

The tax return indicates home mortgage interest was paid, and yet no home value is reported. Although the home could have been sold prior to the time the applicant filed the application, the omission of "home value" could indicate a reporting error. Note that institutions are not required to collect income tax schedules such as the Schedule A in this example. Home value is a discretionary verification item.

91.	AGE OF OLDER PARENT		55
92.	CASH, SAVINGS, AND CHECKING	$	500
93.	HOME VALUE	$	0
94.	HOME DEBT	$	0
95.	OTHER REAL ESTATE/INVESTMENT VALUE	$	0
96.	OTHER REAL ESTATE/INVESTMENT DEBT	$	0
97.	BUSINESS/FARM VALUE	$	0
98.	BUSINESS/FARM DEBT	$	0
99.	ASSETS INCLUDE A FARM?		NO

Incorrect entry on the *Parents' Information* Section of the SAR

Form 1040 Schedule A

Interest You Paid

(See Instructions on page 22.)

Note: If you borrowed any new amounts against your home **after** 8/16/86 and at any time in 1987 the total of **all** your mortgage debts was more than what you paid for your home plus improvements, attach Form 8598 and check here . . ▶ ☐

9a	Deductible home mortgage interest you paid to financial institutions (report deductible points on line 10)	9a	4,605	
b	Deductible home mortgage interest you paid to individuals (show that person's name and address) ▶	9b		
10	Deductible points	10		
11	Deductible investment interest	11		
12a	Personal interest you paid (see page 22) . . 12a			
b	Multiply the amount on line 12a by 65% (.65). Enter the result .	12b		
13	Add the amounts on lines 9a through 11, and 12b. Enter the total here. **Total** interest ▶			13

13.7 UPDATING REQUIREMENTS

Three important items in the calculation of an EFC may need to be updated if they change after the date of application:

- **household size;**
- **number of household members who will be enrolled in postsecondary programs; and**
- **dependency status.**

Financial aid applications are often completed months before the beginning of the enrollment period for which the student would receive aid. It is reasonable to expect changes in the information projected on an aid application. For this reason, certain updates are required.

13.7.1 Updating Household Size and Number of Household Members in Postsecondary Education

A student may *not* update household size and the number of family members in postsecondary education on a previously certified Stafford Loan application or when there is a change in marital status of an applicant or parent. Otherwise, the updating requirements regarding household size and the number of household members enrolled in postsecondary programs depend on two factors: whether the student has been selected for verification, and whether the student is a Pell Grant applicant.

✦ **Pell Grant Applicants Selected for Verification:** Must make updates in household size or number in postsecondary education *as of the date the institution verifies the applicant data* on the SAR or other approved financial aid report.

✦ **Pell Grant Applicants *Not* Selected for Verification:** Must make updates in household size or number in postsecondary education before or at the time the SAR is submitted to the school.

The following chart shows update requirements for Pell Grant applicants.

UPDATING PELL GRANT APPLICATION INFORMATION

HOUSEHOLD SIZE OR NUMBER IN POSTSECONDARY ED.	*If Change Occurs up to Date of SAR Submission to School*	*If Change Occurs up to Date of Verification*	*If Change Occurs Later*
If Student is Selected for Verification	not applicable	UPDATE* (revise SAR)	MAY NOT UPDATE
If Student is Not Selected for Verification	UPDATE* (revise SAR)	not applicable	MAY NOT UPDATE

*May not update if a result of a change in marital status.

The update requirements for campus-based and Stafford Loan program purposes again depend upon whether the student has been selected for verification.

✦ **Campus-Based and Stafford Loan Program Applicants Selected for Verification:** Must make updates in household size or number in postsecondary education so that this information is accurate *as of the date the institution verifies the information.* No update of these two items is required for campus-based or Stafford Loan program applicants after the verification process is completed. Updating after verification is the school's option and many schools exercise this option.

✦ **Campus-Based and Stafford Loan Program Applicants *Not* Selected for Verification:** Must make updates in household size or number in postsecondary education whenever they change *only if the institution establishes this as a policy.* If this is the institution's policy, and a new EFC is determined on the basis of the change, award modifications must be made to prevent overawards.

The chart below shows update requirements for campus-based and Stafford Loan program applicants.

UPDATING STAFFORD LOAN APPLICATION INFORMATION

	HOUSEHOLD SIZE	*NUMBER IN POSTSECONDARY ED.**	*PROVIDED BY*
Dependent Students	Statement listing names, ages and relationships of household members to applicant	Statement listing names and ages of household members and names of institutions	Parent and Applicant
Independent Students	Statement listing ages and relationships of household members to applicant	Statement listing names and ages of family members and names of institutions	Applicant and Spouse

*If you have reason to believe the information regarding the number in postsecondary education is not correct, obtain documentation from the institutions concerned.

13.7.2 Updating Dependency Status

✦ **For Selected Applicants:** Applicants selected for verification whose dependency status changes after

completing an application must update their dependency status throughout the award year *except when*:

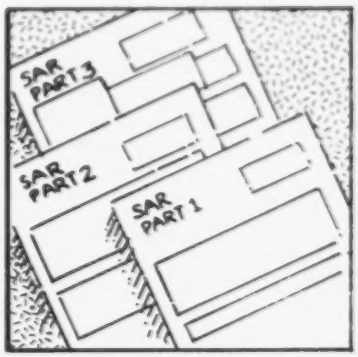
- ✧ a Stafford Loan application for the applicant has already been certified
- ✧ a dependent applicant marries after filing the application
- ✧ an independent applicant or parent of a dependent applicant marries after filing the application

✦ **For All Applicants:** If dependency status has changed, in all Title IV programs:

- ✧ the applicant must submit the AFSA Correction Application to the central processor with the correct dependency status in order for a Pell Grant to be disbursed (see Module 10 and the "Dear Colleague" letter GEN-88-7)
- ✧ for the Pell Grant program, the applicant must submit the new, valid Student Aid Report to the institution
- ✧ the aid administrator must use the FC on the new SAR or recalculate the EFC based on the updated information for the new dependency status, in accordance with the statutory CM formula for the campus-based and Stafford Loan programs*

If you have previously certified a Stafford Loan application, do not update that application. The chart below provides a review of update requirements for changes in dependency status.

- *Special circumstances* may now be handled on a case-by-case basis by the financial aid administrator, who may make *adjustments* based on professional judgment. These will be reported on the SAR Part 2 or the payment document, depending on whether the applicant was originally eligible or ineligible.
- Changes in *dependency status* are reported on the AFSA Correction Application, not the SAR.



*Option: The student may submit a new financial aid application to an MDE processor or Need Analysis System for a calculation of the EFC based on the updated dependency status information.

UPDATING DEPENDENCY STATUS APPLICATION INFORMATION

DEPENDENCY STATUS IN POSTSECONDARY ED.	*Pell Grant Program Applicant Information*	*Campus-Based or Stafford Loan Program Applicant Information*		
If Student is Selected for Verification	UPDATE* (file Correction Application)	UPDATE* (file new application)	*except*	MAY NOT UPDATE A PREVIOUSLY CERTIFIED STAFFORD LOAN

*May not update if a result of a change in marital status.

13.8 REPROCESSING REQUIREMENTS AND TOLERANCE LEVELS

Errors in *nonfinancial* data (dependency status, number in household, or number enrolled in postsecondary education) often require a recalculation of the EFC. However, errors in *financial* data, particularly for low-income applicants with zero SAIs, may not require recalculation or reprocessing because the SAI may not change. Special charts called *Zero SAI Charts* and *tolerance levels* are used to determine when recalculation and/or reprocessing is necessary due to errors in financial data.

Using the *zero SAI charts*, the aid administrator can determine whether new data will affect an SAI of "0." If the SAI will change, the application must be reprocessed.

Using the *tolerance levels* set by the Department of Education, the aid administrator can determine whether errors fall within a tolerance level. Errors with total amounts greater than the tolerance level will require recalculation.

There are separate tolerance levels for the Pell Grant and Stafford/campus-based programs. These levels are discussed below.

- If the financial aid administrator *recalculates* the SAI, the *corrections* must be reported on Part 2 of the SAR. Either the student or the aid administrator must mail back the corrected SAR to the central processor to obtain a valid SAR.

- However, if the financial aid administrator makes an *adjustment* based on professional judgment and the SAI remains eligible, the aid administrator reports the new SAI and the type of adjustment on the Payment Document of the SAR and documents the student's file.

For more information on reporting recalculations and adjustments, see "Verification Changes for Award Year 1988-89" in the *Verification Guide* and Module 10, Appendix C.

13.8.1 Pell Grant Program

If there are no errors in nondollar items used to calculate the SAI, and the sum of changes in verified dollar items is less than $200, no recalculation or reprocessing is required.

If the total change is $200 or more, recalculation is required. The school may choose to recalculate the student's SAI or may require that the student return the corrections to the processor for reprocessing and recalculation.

- If the institution performs a recalculation and determines that the new SAI will decrease the amount of the award, the SAR *must* be reprocessed by the central processor and payment withheld until a new SAR is presented by the student.

- If correction would result in an increased award, the institution can base the calculation of payment on the *original* SAI.

If the school subsequently receives a corrected SAR, the student's new SAI must be used to determine the correct Pell Grant award.

13.8.2 Campus-Based and Stafford Loan Programs

If the total change in the dollar items verified is less than $800, and there are no errors in nondollar items used to calculate the EFC, no recalculation of the EFC is required.

If the total change in the dollar items verified is $800 or more, the student's EFC must be recalculated and his or her financial aid package must be modified if necessary to prevent an overaward.

Remember, the SAI on the SAR may *not* be used to determine eligibility for the campus-based and Stafford Loan programs.

13.8.3 Additional Stafford Loan Program-Specific Requirements

If verification of a Stafford Loan applicant results in recalculation of the student's EFC and a redetermination of the student's need after the loan application is certified by the institution, additional steps may be required. If the redetermined need would decrease the amount the student is qualified to borrow by less than $200, no action is required. However, if the amount the student is qualified to borrow is reduced by $200 or more, you must notify the student borrower and the lender within 30 days, giving the amount for which the student is eligible. If you receive a check before the loan amount is changed, you must return it to the lender.

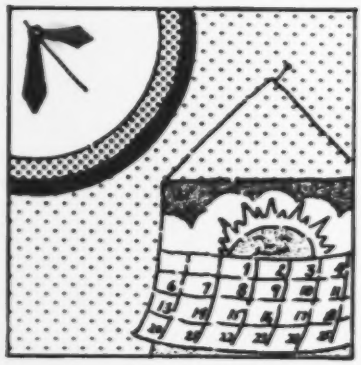
13.9 REQUIREMENTS FOR PAYMENT OF FUNDS AND CERTIFICATION OF A STAFFORD STUDENT LOAN APPLICATION

13.9.1 Interim Pell and Campus-Based Program Disbursements

An interim disbursement is any disbursement made to a student before completion of the verification process. Although the institution risks having to recover the funds it has disbursed, in many cases a *single* disbursement is allowed before completion of the verification process. *If the institution has any conflicting documentation on any verification item, no interim disbursement may be made.*

In cases where disbursement is allowed, the institution may make one disbursement of any combination of Pell Grant, Perkins Loan, or SEOG funds for the applicant's first payment period. If the student fails to complete the verification process, the institution must refund the full amount of the disbursements to the Title IV programs. If the interim disbursement causes an overaward, the amount of the overaward must be refunded to the appropriate programs. Given these liabilities, many schools may decide not to make interim disbursements. The policy should be carefully considered by the administration at the institution.

Additionally, the institution may employ a student in the CWS program during the summer prior to the academic year if the student is not enrolled and for up to 60 days after the enrollment period has begun. If the documentation required for verification is not provided within 60 days, the employment under CWS must cease. The institution may not recover wages earned by the student but is liable for the federal share of the wages paid to the student and must return the amount to the CWS program if the student receives an overaward or does not complete verification.



13.9.2 Certification of a Stafford Loan Application and Delivery of Funds

The verification regulations apply to applications for any Stafford Loan for a period of instruction beginning on or after July 1, 1986. *Verification of a selected student's application data must be completed prior to delivering a Stafford Loan check to the student borrower.* If the student does not provide the requested documentation within a reasonable time period:

- you may not certify the applicant's Stafford Loan application, if you have not already done so;
- you may not process or deliver the Stafford Loan check; and
- you must return to the lender within 45 days any Stafford Loan check payable to the applicant.

13.10 FAILURE TO PROVIDE DOCUMENTATION

The Department of Education allows institutions to determine the deadlines by which students must submit documentation for campus-based and Stafford Loan awards. Federal deadlines for submission of verification documents to support Pell Grant applications are published by ED in the *Federal Register* each award year.

Students who fail to submit materials and complete the process by the Pell Grant deadlines are not entitled to Pell Grant awards. Schools may opt to pay campus-based or Stafford Loan awards to students who complete the verification process after the institution's deadline.

The deadline date for submission of verification documents is usually the *earlier* of:

- 60 days from the applicant's last date of enrollment, or
- 60 days after June 30 of the award year.

13.11 VERIFICATION POLICIES AND PROCEDURES

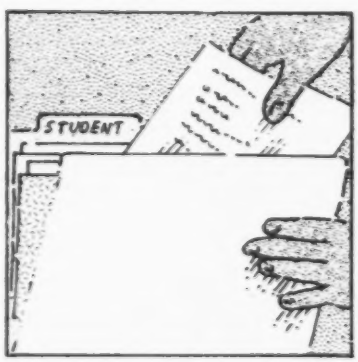
The institution's responsibilities as outlined in the federal regulations and the *Verification Guide* are as follows:

Verification policies and procedures are specified in 34 CFR 668.53.

- ✧ to explain to each student who must verify information:
  - which documents are required;
  - the date by which they must be submitted to the aid administrator; and
  - the consequences of failing to comply with the request for documentation;

- ✧ to pay back to the program account any Title IV overpayment that resulted because the school disbursed funds prior to completion of the verification process; and

- ✧ to develop and use written policies and procedures for verification which include deadlines, consequences of failure to meet a deadline, procedures for notifying a student if the award changes because of verification, and procedures for students to correct information.



The institution must establish a set of procedures and file documents which clearly indicate the steps taken and the outcome for each verification case. The aid administrator should develop a document or worksheet (or use one

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prepared by ED or an approved need analysis system) which lists verification items to be checked, documents submitted, and settlement or affirmation of each verification item.

13.11.1 Written Policies and Procedures

An institution's *written policies* for verification must include:

Schools must have written policies and procedures for verification of applicant information.

- ✧ *deadlines* that applicants have to meet for supplying information
- ✧ *late policies*--what the school will do if the applicant does not supply the information by the deadline
- ✧ *award change notification*--how the school will notify applicants if verification causes changes in their award
- ✧ *student information on verification*--how the school, in a timely manner, provides each applicant selected for verification with a clear explanation of:
  - the *documentation* needed to satisfy the verification requirements
  - the *applicant's responsibilities* with respect to the verification of application information

An institution may develop and implement additional policies and procedures to assure that all applicants selected for verification will be properly verified.

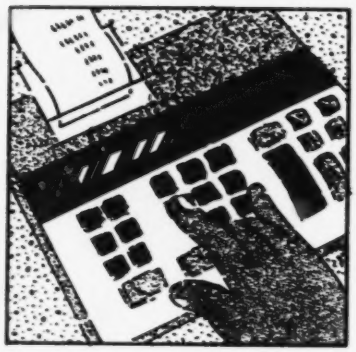
13.11.2 Differences in Institutional Policies

The verification process at *your* institution will be performed according to written policies and procedures designed to accommodate both the regulations and your school's circumstances with regard to deadlines, periods of enrollment, application volume, *etc.* For example:

- ✧ Some institutions may choose to verify the data of all financial aid applicants, while others will verify only those applications which are required by regulation to be checked.
- ✧ Some institutions will decide to package aid and send tentative award letters prior to verification of application data. Final awards, however, will be

contingent upon satisfactory results from the verification process. Other institutions may require completion of the process before any award packaging is done.

- ✧ Tolerances have been established by regulation to avoid requiring reprocessing or recalculation when only small changes in dollar items have occurred. However, mistakes in the use of tolerances may become a liability to institutions. Schools differ in how they make use of tolerances:
  - they may establish guidelines for the use of tolerances which take into consideration the complexity of the case;
  - they may decide always to require reprocessing for Pell Grant applicants and recalculation for Stafford Loan and campus-based applicants; or
  - they may train their financial aid staff in the tolerance regulations and EFC calculations and always rely on their accurate use.



- ✧ Although institutions are allowed to make an initial disbursement of Pell Grant or campus-based aid to a student before completion of the verification process, they are liable for any overpayment that results from recalculation of the EFC or the student's failure to complete verification. An institution's willingness to incur such liabilities will depend on various factors such as the number of students to which this would apply and consequent total liability, on whether there is time for reprocessing before the student must pay educational costs, *etc.*

13.11.3 Adjustments by the Aid Administrator

According to statute, the financial aid administrator can adjust an applicant's eligibility for the Pell Grant, campus-based, and Stafford Loan programs. An aid administrator may adjust either the eligibility figure itself (the SAI or FC) or any of the data items on the SAR or need analysis report from one of the MDE processors or certified need analysis systems. Such changes may be based on the aid administrator's discretion (professional judgment) in cases where there are unusual or unique circumstances for an applicant.

Before making an adjustment to a data item on an application that has been selected for verification, you must check whether the data item is one of the items for

which verification is required. *If the item to be changed is one of the required verification items, you must:*

Required verification items are listed in Section 13.4.1.

- ✧ verify the required data items prior to making the adjustment; and
- ✧ document the applicant's file.

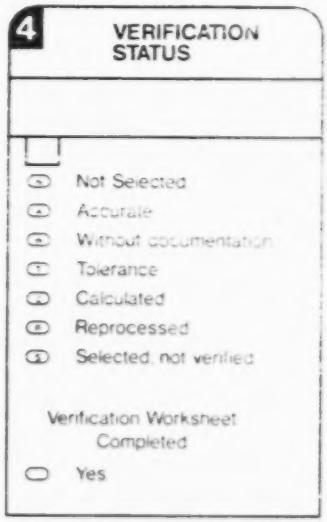
If the item to be changed is not one of the required verification items, you must document the applicant's file after making the adjustment. Similarly, when making adjustments on applications that have not been selected for verification, you must document the student's file. Remember that *all adjustments must be based on accurate data*.

For more information on SAR reporting requirements when adjustments are made, see "Verification Changes for Award Year 1988-89" in the *Verification Guide* and Module 10, Appendix C.

Aid administrators may make adjustments only on the basis of *individual* circumstances for each applicant. An across-the-board policy of adjustments to certain classifications of groups or individuals meeting certain circumstances or conditions is *not* permitted.

13.11.4 Pell Grant: Completion of the Verification Status Code

Part 3 of the Pell Grant SAR contains an area for the financial aid office to report the applicant's verification status. The aid administrator enters the appropriate code letter in the Verification Status box on page 2 of the Payment Document. The codes are as follows:



- ✧ N--Not selected.
- ✧ A--Accurate. The applicant was verified, the SAR was accurate as submitted and the school paid on that SAR.
- ✧ W--Without Documentation. The applicant received up to one-half of the Pell Grant without bringing in all of the required documentation. If you used this code on the SAR, you must change your next Payment Document submitted for that applicant to reflect the code under which the applicant was finally paid.
- ✧ S - Selected - Not Verified. Used for applicants who have been selected for verification but are not verified due to the 30% verification limitation.

- T - Tolerance. The applicant was verified, the SAR was shown to be incorrect as a result of verification, but you paid the student without requiring the SAR to be reprocessed because you were able to use either the zero SAI tolerance option or the appropriate dollar tolerance option. This code should also be used when you pay an applicant who has been exempted from verification under one of the allowable exclusions as described in Chapter 1 of the *Verification Guide*.

- C--Calculated. The applicant was verified, the SAR was shown to be incorrect as a result of verification, but you paid the student without requiring the SAR to be reprocessed because you calculated the SAI and found that the the scheduled award remained the same or increased on the basis of the recalculated SAI.

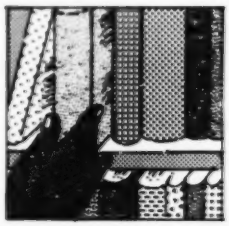
- R--Reprocessed. The applicant was verified, the SAR was shown to be incorrect as a result of verification, the SAR was reprocessed for that reason, and the school paid on the reprocessed SAR.

Never use the verification Status Code "R" on the first SAR which was sent to a student as a result of his or her original application.

Note that the school should check the "Verification Worksheet Completed" box if the school used the *federal* verification worksheet.

SUMMARY

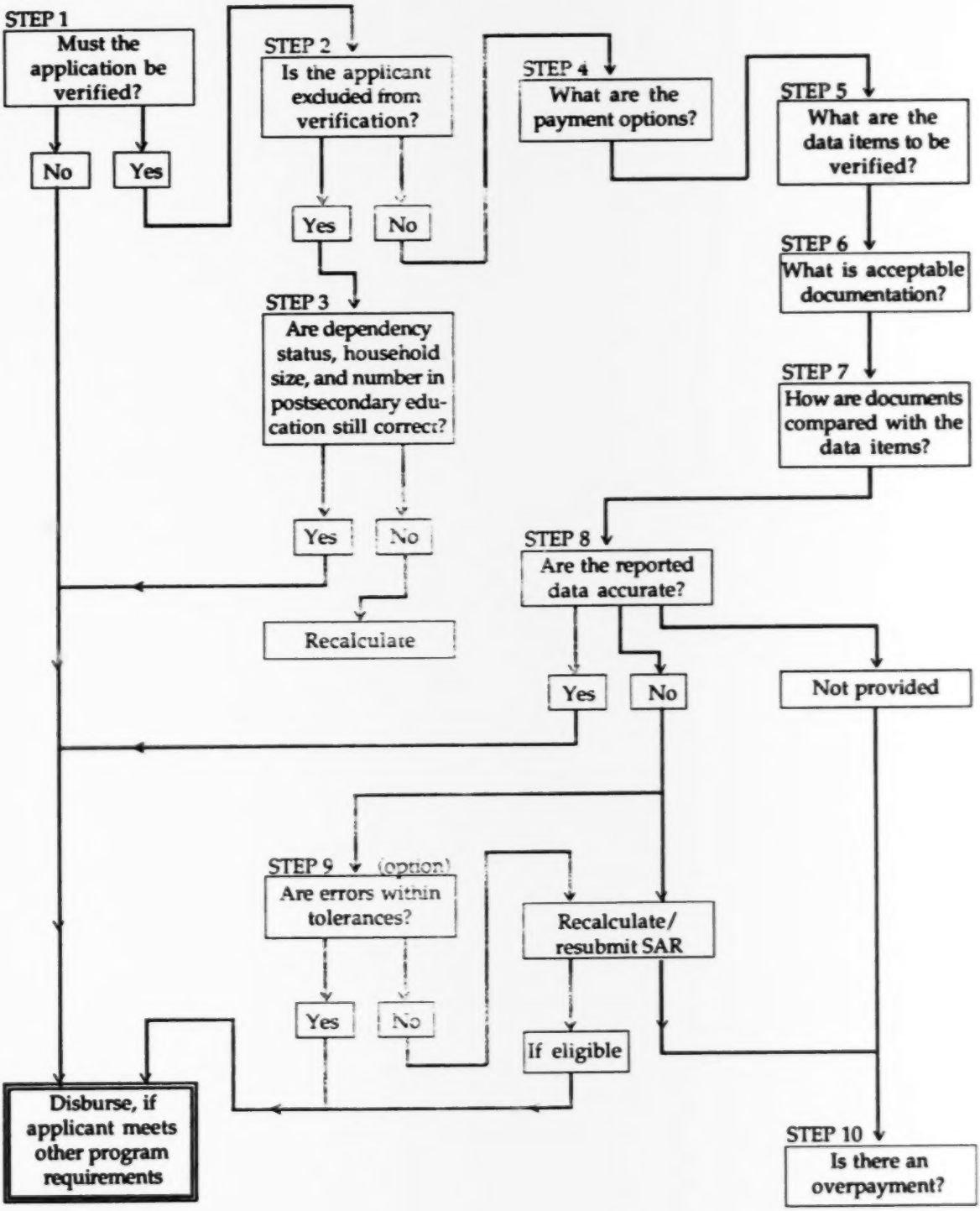
Verification of student information is a multi-stage process. This module has provided an introduction to the methods by which students are selected for verification, the items that may need to be verified, and the ways in which the accuracy of applicant data is checked and confirmed. The diagram on the next page shows the main steps and decision points in flow-chart format.



It should be emphasized that this module has aimed only at providing a good foundation. You should now be well prepared to use the regulations and the *Verification Guide*, which provide the full details you will need to conduct the verification process for different Title IV programs.

How do you know *when* you have completed the verification process for an individual student? At what point are you able to disburse funds or certify a Stafford Loan application? An aid administrator must be able to identify the point at which the verification process is complete.

THE VERIFICATION PROCESS



POST-TEST

1. At an institution that has *not* chosen to limit verification to 30% of selected applicants, in which of the following cases would verification be performed? (circle all that apply)

   a. the applicant does not submit a Student Aid Report or need analysis document from a processor using the federal edit system
   b. the aid administrator suspects that information was reported incorrectly but has no conflicting documentation on file regarding the item
   c. the aid administrator has conflicting documentation on file regarding a verification item

2. All student applications processed without using ED's verification selection edits must be verified. True or False?

3. Verification is a requirement for all Title IV programs. True or False?

4. Asterisks (*) next to the SAI and FC on the Student Aid Report indicate that:

   a. the student is exempt from verification
   b. the student's application could not be processed
   c. the student's application data are in error
   d. the student's application data have been selected for verification

5. The term *conflicting documentation* refers to inconsistent or conflicting information: (circle all that apply)

   a. in the institution's financial aid records only
   b. in financial aid or other institutional records
   c. in prior-year and current application records held by the institution

6. Which of the following students are exempt from verification if no conflicting documentation is evident? (circle all that apply)

   a. students receiving only Stafford Loans
   b. incarcerated students
   c. immigrants who arrived in the U.S. during the first calendar year of the award year
   d. students receiving institutional scholarships only
   e. married students
   f. students whose parents were not required to file an income tax return

7. Verification of family financial information is always limited to information reported on the U.S. individual income tax return (Form 1040, 1040A, or 1040EZ). True or False?

8. Pell Grant and campus-based financial aid may be disbursed before the verification process is completed. True or False?

9. If verification of a Pell Grant Student Aid Report (SAR) results in new financial data, the aid office must always require reprocessing of the SAR. True or False?

10. Update requirements for verification purposes include changes in: (circle all that apply)

    a. household size
    b. Selective Service registration status
    c. dependency status
    d. address (for dependent students)
    e. marital status
    f. number of household members in postsecondary education at least half-time
    g. parent's divorce or separation

ANSWERS

1. a., b., and c. Verification would be completed in all of these cases, because each meets a criterion for "selection" for verification. (For more information, see Section 13.3.)

2. False. All students whose application data were not processed using the edit checks are automatically *selected* for verification. They are added to the "pool" of the institution's applicants selected for verification, along with those who have been selected by processors using the standard edits. However, the institution may choose to verify no more than the minimum 30% of its Title IV aid applicants. In this case, if the "pool" of selected applicants is greater than 30%, *not all* those selected for verification will actually be verified. (13.3.2)

3. False. Verification is not required for an SLS borrower or the student dependent of a PLUS loan borrower if the student is not eligible for any other forms of Title IV assistance. Verification is required for Pell Grant, campus-based, and Stafford Loan program applicants. (13.1.1, 13.3.4)

4. d. The student's application has been selected for verification. The asterisks next to the SAI and FC indicate the need for verification--they do not necessarily indicate a determination of error. (13.2.2)

5. b. and c. The term *conflicting documentation* refers to contradictory or inconsistent information within financial aid or other institutional records. Conflicting documentation in institutional records may include conflicts between data supplied in previous years and the current year. (13.4.4, 13.6)

6. b., c., and d. Certain categories of students are exempt from verification. These categories include students who do not receive Title IV aid, immigrants who arrived in the U.S. during either of the calendar years spanned by the award year, and incarcerated students. (13.3.5)

7. False. The aid administrator cannot rely solely on data reported on an income tax return. Some families and students may not file a tax return and will need to provide you with alternative documentation. Also, although the U.S. income tax return reports many sources of income, it may not always provide sufficient documentation--for instance, it does not provide documentation of child support received. (13.5.1)

8. True. The institution may make an initial disbursement prior to completing verification of application data. However, if the verification process results in a reduction in Title IV financial aid or the student does not complete verification, the funds must be recovered--from the student or the institution. The institution may not release Stafford Loan proceeds to a student borrower until such time as the verification process has been completed. (13.9.1, 13.9.2)

9. False. There are tolerances or set limits of change in financial data within which the aid administrator may operate. If the changes in the verified items are within the permissible variations as defined by the tolerance levels, no reprocessing is required. Otherwise, for Pell Grant applicants, if the change in financial data results in a

decreased award, the application must be reprocessed by the Pell Grant processor. If the change results in a decreased SAI, the SAR must be reprocessed to award the applicant additional funds. (13.8)

10. a., c., and f. At the time of verification, selected students must update their household size and number of household members in postsecondary education at least half-time, if there are any changes. The applicant is always responsible for reporting any change in dependency status. (13.7)

Questions: 10 Your Score: Percentage:

GLOSSARY

acceptable documentation — When referring to verification, or when decisions are made regarding student data, acceptable documentation means written documents which substantiate the information reported on a student aid application, such as the U.S. income tax return, and signed statements from the applicant and the applicant's family. Federal regulations list documents which are acceptable proof of the accuracy of applicant data.

base year — The 12-month period ending on the December 31st preceding the award year. For example, calendar year 1987 is the base year for the 1988-89 award year.

conflicting documentation — Inconsistent information within the institution's records or noted on the Student Aid Report (SAR) which may indicate an error in the information used to calculate the student's expected family contribution or Student Aid Index.

discretionary items — Applicant data items used to determine a student's eligibility for federal financial aid that are not required by the regulations to be verified. It is the financial aid administrator's option to verify, on a student-by-student basis, any or all of these items.

documentation — Written statements explaining the logic and/or the steps followed which resulted in a specific action taken, given the particular set of circumstances. (See **acceptable documentation**.)

edit checks — A series of data tests run by an automated processing system on financial aid applications. These tests look for and report incomplete or inconsistent data on the application. *Edit checks* (also known as *edits*) are one mechanism used to select applications for verification. Edit checks are also part of the processing of an institution's **FISAP**.

hand calculation — On-campus calculation (manual or by computer program) of the FC or SAI, in contrast to calculation by a service agency or outside processor.

interim disbursement — The single allowable disbursement made to a student who has not completed the verification process. The institution is responsible for recovery of payment if the student does not complete the verification process or if the amount for which the student is eligible changes as a result of verification.

tolerance levels — As the term relates to verification, the allowed limit of error (the sum of the absolute change in dollar values) within which recalculation and/or reprocessing is not required. For changes

	greater than or equal to the tolerance levels, the EFC must be recalculated using the correct data.
untaxed income	Income received that is not taxed. Examples of such income are Social Security benefits, welfare benefits, interest on tax-free bonds, some unemployment compensation, military and other subsistence and quarters allowances.
update requirement	Required notification to ED of a change in the information originally reported on an aid application. Updates are required for changes in household size, number of family members in postsecondary education, and dependency status, because these items, if changed, may cause a significant change in a student's EFC.
validation	See **verification**. Validation was the term used prior to the 1986-87 award year. The procedures applied only to Pell Grant applicants. Verification is the current term used, and it applies to all need-based Title IV financial aid programs.
verification	Technical and administrative procedures for detecting and resolving inaccuracies in the data that a student has given when applying for federal financial aid. ED publishes a *Verification Guide* each year setting forth guidelines and procedures.
verification items	Specific applicant (and family) information which must be checked for accuracy in the verification process. Verification may also extend to other items at the discretion of the aid administrator. These may include home value and other assets.

ACRONYMS

ACT	American College Testing program.
AGI	Adjusted Gross Income.
CFAR	Comprehensive Financial Aid Report. The FFS need analysis report that is sent directly to the school(s) specified by the student. (The student receives a different version--an information summary called the FFS Confirmation Report.)
EFC	Expected Family Contribution.
FAA	Financial Aid Administrator.
FAFNAR	Financial Aid Form Need Analysis Report.

FC	Family Contribution (calculated with the Congressional Methodology).
GAPSFAS	Graduate and Professional School Financial Aid Service.
IRA	Individual Retirement Account.
ISSC	Illinois State Scholarship Commission.
NAS	Need Analysis Servicer *or* Need Analysis System.
PHEAA	Pennsylvania Higher Education Assistance Agency.
SAI	Student Aid Index.
SAR	Student Aid Report.

KEY RESOURCES

1. U.S. Department of Education, Office of Student Financial Assistance, *Current Title IV Regulations*, Washington, D.C., OSFA/ED, 1988.

2. ———, *1988-89 Verification Guide*, Washington, D.C., OSFA/ED, 1988.

3. National Association of Student Financial Aid Administrators, *Standards for the Verification of Information to Determine Financial Aid Eligibility*, NASFAA Monograph Series, Number 4, Washington, D.C., NASFAA, 1984.

The references listed above can be obtained by contacting the publishing organization. For U.S. Department of Education addresses, see the inside back cover or the Support Booklet. For all other addresses, see the Support Booklet.

APPENDIX

VERIFICATION WORKSHEETS

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U.S. Department of Education
Student Financial
Assistance Programs

Verification Worksheet 1988-89

Federal Student Aid Programs

Independent

FORM APPROVED
OMB NO. 1840-0132
EXP. DATE 12-31-89

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

To receive Federal student financial assistance, you must complete a process called Verification. This process requires you to submit signed copies of financial documents to your school. **Do not mail this worksheet to the Federal Student Aid Processor.**

WHAT YOU SHOULD DO:

- **Contact Your Financial Aid Administrator To Find Out If You Are Using The Correct Worksheet.**
- Take your Student Aid Report (SAR), this completed worksheet, and any additional documents required by your Financial Aid Administrator, or by comments on your SAR, to the financial aid office at your school.
- **Talk to your Financial Aid Administrator** if you have questions about completing this worksheet. Your school will notify you if information on this worksheet is different from the information on your SAR and will explain to you how to correct the information.

WHAT THE LAW SAYS:

- We have the right to ask you for information before awarding you any financial aid (Title IV of the Higher Education Act of 1965 and Privacy Act of 1974). See the instructions in the Application for Federal Student Assistance.
- Your school must review the requested information for us (C.F.R. Title 34, Part 668, the student financial aid program rules).

SECTION A: Tell Us About Yourself

A-1. Last name _____ First name _____ M.I. _____

A-2. Your Address (Include Apt. No.) _____ City _____ State _____ Zip Code _____

A-3. Social Security number ___-___-____ A-4. Date of Birth (Month ___ Day ___ Year ___) A-5. Area code ___ Phone number ___-____

SECTION B: Tell Us About Your Family Size

Fill in the information about the people whom you will support between July 1, 1988 and June 30, 1989. Include:

- yourself
- your spouse
- your dependent children (if they receive more than half of their support from you)

Include other people only if they:

- lived with and received more than half of their support from you (or your spouse) at the time you completed your application, and
- will continue to get this support between July 1, 1988 and June 30, 1989.

Full Name	Age	Relationship	College (If half-time attendance or more during 1988-89)
Example: Martha White	22	Wife (You the student)	State University

SECTION C: Gather Your Tax Forms And Information

C-1. ATTACH A COPY OF ALL 1987 INCOME TAX RETURNS filed by you and your spouse. Include IRS FORMS 1040, 1040A, or 1040EZ, or a tax return from Puerto Rico, or a Foreign Income Tax Return(s). If you or your spouse plan to file a 1987 tax return but have not already done so, you must give a signed copy of that return to your school when it is filed. If you or your spouse filed a 1987 income tax return but did not keep a copy, a copy may be requested from the regional office of the Internal Revenue Service or from the preparer of your tax return. If you or your spouse had income that was not reported on a 1987 tax return, you must list that income in section C-3.

C-2. TAX RETURN(S) ATTACHED (CHECK ALL THAT APPLY)

☐ Your own ☐ Your Spouse ☐ Joint Return

C-3. IF YOU OR YOUR SPOUSE DID NOT OR WILL NOT FILE A 1987 INCOME TAX RETURN, LIST YOUR AND YOUR SPOUSE'S employer(s) and any other sources of income received in 1987. Also list the amount of money received.

List each 1987 **employer** and other source of income (include untaxed income)			
Your (the student)	Amount(s)	Your Spouse's	Amount(s)
	$ .00		$ .00
	$ .00		$ .00
	$ .00		$ .00
	$ .00		$ .00
	$ .00		$ .00

SECTION D: Tell Us About Child Support Received

D-1. Did you or your spouse receive child support in 1987? ☐ Yes ☐ No

D-2. If YES, list the amount received in 1987. $_____.00

Note: The amount listed should include payments received as a result of a court order as well as payments voluntarily provided. Your Financial Aid Administrator may ask you for supporting documentation (copy of the court order, letter of explanation or other documents) to verify the amount reported.

SECTION E: Sign This Worksheet

By signing this worksheet, I certify that all of the information reported to qualify for Federal student aid is complete and correct.

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

Your signature (student) Date Your spouse's signature Date

DO NOT MAIL THIS WORKSHEET TO THE FEDERAL STUDENT AID PROCESSOR. INSTEAD TAKE IT TO YOUR FINANCIAL AID ADMINISTRATOR.

Verification Worksheet 1988-89

Federal Student Aid Programs

Dependent

U.S. Department of Education
Student Financial
Assistance Programs

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

FORM APPROVED
OMB NO. 1840-0132
EXP. DATE 12-31-89

To receive Federal student financial assistance, you must complete a process called Verification. This process requires you to submit signed copies of financial documents to your school. **Do not mail this worksheet to the Federal Student Aid Processor.**

WHAT YOU SHOULD DO:

- **Contact Your Financial Aid Administrator To Find Out If You Are Using The Correct Worksheet.**
- Take your Student Aid Report (SAR), this completed worksheet, and any additional documents required by your Financial Aid Administrator, or by comments on your SAR, to the financial aid office at your school.
- **Talk To Your Financial Aid Administrator** if you have questions about completing this worksheet. Your school will notify you if information on this worksheet is different from the information on your SAR and will explain to you how to correct the information.

WHAT THE LAW SAYS:

- We have the right to ask you for information before awarding you any financial aid (Title IV of the Higher Education Act of 1965 and Privacy Act of 1974). See the instructions in the Application for Federal Student Assistance.
- Your school must review the requested information for us (C.F.R. Title 34, Part 668, the student financial aid program rules).

SECTION A: Tell Us About Yourself

A-1. Last name _____ First name _____ M.I. ___

A-2. Your Address (Include Apt. No.) _____ City _____ State ___ Zip Code _____

A-3. Social Security number ___-___-____ A-4. Date of Birth: Month ___ Day ___ Year ___ A-5. Area code ___ Phone number ___-____

SECTION B: Tell Us About Your Parents' Family Size

Fill in the information about the people whom your parents will support between July 1, 1988 and June 30, 1989. Include:

- yourself
- your parents
- your parents' dependent children (if they receive more than half of their support from your parents)

Include other people only if they:

- lived with and received more than half of their support from your parents at the time you completed your application, and
- will continue to get this support between July 1, 1988 and June 30, 1989.

Full Name	Age	Relationship	College (If half-time attendance or more during 1988-89)
Example: Mary Jones Smith	45	Mother (You the student)	State University

SECTION C: Gather All Tax Forms And Other Information

C-1. ATTACH A COPY OF ALL 1987 FEDERAL INCOME TAX RETURNS filed by you, your spouse, and your parents. Include IRS FORMS 1040,1040A, or 1040EZ, or a tax return from Puerto Rico, or a Foreign Income Tax Return(s). If you, your spouse, or your parents plan to file a 1987 tax return but have not already done so, you must give a signed copy of that return to your school when it is filed. If you, your spouse, or your parents filed a 1987 tax return but did not keep a copy, a copy may be requested from the regional office of the Internal Revenue Service or from the preparer of your tax return. If you, your spouse, or your parents had income that was not reported on a 1987 tax return, you must list that income in section C-3.

C-2. TAX RETURN(S) ATTACHED (CHECK ALL THAT APPLY)

a. ☐ Your own ☐ Your Spouse ☐ Joint Return

b. ☐ Father ☐ Mother ☐ Joint Return

C-3. IF YOU, YOUR SPOUSE, OR YOUR PARENTS DID NOT OR WILL NOT FILE A 1987 INCOME TAX RETURN, LIST YOUR , YOUR SPOUSE'S AND YOUR PARENTS' employer(s) and any other sources of income received in 1987. Also list the amount of money received.

List each 1987 **employer** and other source of income (include untaxed income)			
Your (and your spouse's)	Amount(s)	Your Parents	Amount(s)
	$ .00		$ .00
	$ .00		$ .00
	$ .00		$ .00
	$ .00		$ .00
	$ .00		$ .00

SECTION D: Tell Us About Child Support Received

D-1. Did you, your spouse, or your parents receive child support in 1987? ☐ Yes ☐ No

D-2. If YES, list the amount received in 1987. $_____.00

Note: The amount listed should include payments received as a result of a court order as well as payments voluntarily provided. Your Financial Aid Administrator may ask you for supporting documentation (copy of the court order, letter of explanation or other documents) to verify the amount reported.

SECTION E: Sign This Worksheet

By signing this worksheet, I certify that all of the information reported to qualify for Federal student aid is complete and correct.

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

Your signature (student) Date Your spouse's signature Date

Parent's signature Date Parent's signature Date

DO NOT MAIL THIS WORKSHEET TO THE FEDERAL STUDENT AID PROCESSOR. INSTEAD TAKE IT TO YOUR FINANCIAL AID ADMINISTRATOR.

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☆ U.S. GOVERNMENT PRINTING OFFICE : 1988 O - 222-546 (Book #14)

REGIONAL OFFICES OF STUDENT FINANCIAL ASSISTANCE

REGION I
(CT, ME, MA, NH, RI, VT)

Office of Student Financial Assistance
U.S. Department of Education
J.W. McCormack Post Office and Courthouse
5 Post Office Square, Room 510
Boston, Massachusetts 02109
(617) 223-9338

REGION II
(NJ, NY, PR, VI, CANAL ZONE)

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U.S. Department of Education
26 Federal Plaza, Room 3954
New York, New York 10278
(212) 264-4426

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Office of Student Financial Assistance
U.S. Department of Education
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(215) 596-0247

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Office of Student Financial Assistance
U.S. Department of Education
401 South State Street, Room 700-D
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(312) 353-8103

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Office of Student Financial Assistance
U.S. Department of Education
1200 Main Tower Building, Room 2150
Dallas, Texas 75202
(214) 767-3811

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Office of Student Financial Assistance
U.S. Department of Education
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P.O. Box 901381
Kansas City, Missouri 64190
(816) 891-8055

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Office of Student Financial Assistance
U.S. Department of Education
1961 Stout Street, 3rd Floor
Denver, Colorado 80294
(303) 891-3676

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Office of Student Financial Assistance
U.S. Department of Education
50 United Nations Plaza, Room 270
San Francisco, California 94102
(415) 556-5689

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Office of Student Financial Assistance
U.S. Department of Education
2901 Third Avenue, Room 100
Seattle, Washington 98121
(206) 442-0493